

In the Matter of )  
)  
Support Material for Carriers to File )  
to Implement Access Charge Reform )  
Effective January 1, 1998 )

97-249  
97-250 ✓

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REPLY COMMENTS OF  
THE SOUTHERN NEW ENGLAND TELEPHONE COMPANY

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The Southern New England Telephone Company ("SNET") replies to the comments<sup>1</sup> filed in opposition to its Tariff Review Plan ("TRP") filed in compliance with the Commission's requirements for Tariff Review Plans, released November 6, 1997, In the Matter of Support Material for Carriers to File to Implement Access Charge Reform Effective January 1, 1998, DA 97-2345; its Order, released November 7, 1997, In the Matter of Support Material for Carriers to File to Implement Access Charge Reform Effective January 1, 1998, DA 97-2358, and its Erratum, released November 19, 1997, In the Matter of Support Material for Carriers to File to Implement Access Charge Reform Effective January 1, 1998.

SNET addresses the claims made by the opposing parties and demonstrates that the information and data included in its November 26, 1997, TRP is reasonable, fully justified and based upon correct calculations. The opposing parties raise no questions that warrant suspension and investigation of SNET's access tariff rate proposals to be filed based on the TRP. Specifically, this Reply demonstrates that:

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<sup>1</sup> Opposition filings in the above-referenced matter were made by AT&T Corp. (AT&T), and MCI Telecommunications Corp. (MCI), Sprint Telecommunications, L.P. (Sprint) on December 10, 1997. Sprint did not address any issues to SNET; Sprint's comments were directed to the Bell Operating Companies (BOCs). See Sprint at p. 1.

- 1) SNET is properly calculating the costs associated with removing line port and trunk port costs from local switching in full compliance with the Commission's rules;
- 2) SNET is properly identifying and reallocating those components of the transport interconnection charge ("TIC"); and
- 3) SNET is properly estimating its end user common line demand and its Base Factor Portion ("BFP") revenue requirements.

In addition, SNET describes the minor computational errors in its November 26th TRP filing and the corrections that have been made in its December 17, 1997 tariff filing, effective January 1, 1998.

I. SNET PROPERLY CALCULATES LINE PORT AND TRUNK PORT COSTS.

AT&T and MCI claim that SNET improperly relies on the Switching Cost Information System ("SCIS").<sup>2</sup> The use of SCIS as a cost model is clearly proper. SCIS has been thoroughly reviewed and accepted as a cost model to support tariffs by the Commission.<sup>3</sup> In addition, SNET consistently uses SCIS as an accepted model for its intrastate filings before the State of Connecticut Department of Public Utility Control. In its November 26th filing, SNET used SCIS to develop direct costs based on SNET's existing network configuration. There is no inconsistency as claimed by AT&T,<sup>4</sup> nor is there any mixing of forward-looking costs with the costs required by the Commission to support the TRP.

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<sup>2</sup> AT&T at pp. 7-8 , and MCI at p. 3.

<sup>3</sup> In the Matter of Open Network Architecture Tariffs of Bell Operating Companies, CC Docket No. 92-91, Order, released December 15, 1993.

<sup>4</sup> AT&T at p. 8.

SNET complied with the Commission's Access Reform Order directive<sup>5</sup> to reassign Non-Traffic Sensitive line-side port costs from the Local Switching Rate element to the Common Line rate elements. In determining the appropriate cost, SNET did not, as MCI complains, improperly allocate the line port percentage derived from SCIS to the Part 69 local switching revenue requirement.<sup>6</sup> Instead, SNET multiplied unit revenue requirements by base year demand quantities.<sup>7</sup>

AT&T claims that unlike the BOCs, SNET did not provide the Commission with an a priori value indicating "50% or more of the local switching would be associated with line and trunk ports."<sup>8</sup> Such information was only available with SNET's November 26, 1997, TRP filing when SNET provided the underlying detail supporting its costs.

MCI states that a "key error made by all the LECs is that they have adjusted the overall tandem switching revenue requirement for the change in Price Cap Index ("PCI") since 1993, as required by the Access Reform Order."<sup>9</sup> MCI is wrong. The Access Reform Order does not require such an inappropriate adjustment. As shown on Workpaper K,<sup>10</sup> SNET's tandem trunk port revenue requirement was calculated based on 1996 (emphasis added) base period demand quantities and costs. Similarly, SS7 costs were based on 1996 costs.

SNET does agree with MCI, and will make a change accordingly, that any tandem trunk port revenue requirement should be based solely on interstate demand.<sup>11</sup> Therefore, SNET is revising its TRP Workpaper K, to be submitted

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<sup>5</sup> In the Matter of Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing End User Common Line Charges, CC Docket Nos. 96-262, 94-1, 91-213, 97-72, First Report and Order, released May 16, 1997, (Access Reform Order), at para. 125.

<sup>6</sup> MCI at pp. 3-4 and Attachment A.

<sup>7</sup> SNET November 26, 1997, TRP, Appendix E.

<sup>8</sup> AT&T at pp. 1 and 10.

<sup>9</sup> MCI at pp. 7-8.

<sup>10</sup> SNET November 26, 1997 TRP, Workpaper K.

<sup>11</sup> MCI at p. 9.

with its December 17, 1997 tariff filing in this matter, to reflect only the interstate portion of dedicated end office and tandem ports.<sup>12</sup>

Finally, SNET also agrees with AT&T that it made an error in calculating line port costs.<sup>13</sup> SNET will correct the appropriate supporting workpapers showing the development of its analog line port costs to reflect actual Dial Equipment Minutes ("DEM") of 20% as opposed to the Commission's Basic Allocation Factor ("BAF") of 25%.

## II. SNET PROPERLY IDENTIFIES AND REALLOCATES CERTAIN COMPONENTS OF THE TIC.

AT&T claims that the LECs have incorrectly recalculated the residual and facilities-based TIC amounts, or failed to provide adequate documentation.<sup>14</sup> SNET disagrees. SNET properly performed the necessary calculations and appropriately applied its remaining facilities-based portion of the TIC.<sup>15</sup>

AT&T states that the LECs have failed to incorporate all TIC true-up exogenous costs.<sup>16</sup> SNET has increased its true-up since July 1, 1997 and will submit a corrected Workpaper H, along with its SUPP-EXG-1 and revised CAP-1 forms with its December 17, 1997 filing.

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<sup>12</sup> SNET will correct supporting documentation to its TRP to be filed December 17, 1997 pursuant to the Commission's Access Reform Order.

<sup>13</sup> AT&T at pp. 12-13.

<sup>14</sup> AT&T at pp. 27-30, and fn. 26.

<sup>15</sup> Like BellSouth, the data on SNET's CAP-1 Ln 690 clearly is shown on SNET's Workpaper H. line 10C, "TIC Rate Development.

<sup>16</sup> AT&T at pp 26-30.

III. SNET HAS FULLY JUSTIFIED ITS BASE FACTOR PORTION ("BFP") DEVELOPMENT AND DID NOT UNDERESTIMATE END USER COMMON LINE (EUCL) DEMAND.

Without specifically citing any error by SNET,<sup>17</sup> AT&T and MCI claim that SNET has failed to accurately calculate EUCL, and failed to provide the required supporting documentation.<sup>18</sup> In fact, SNET's estimates are reasonable and fully justified and are based on the methodology the Commission examined in its Memorandum Opinion and Order, released December 1, 1997, concluding the investigation of the 1997 Annual Access Tariff Filing.<sup>19</sup> The Commission found SNET's forecast accuracy for this matter to be acceptable.<sup>20</sup> Moreover, the Commission has yet to release an Order defining primary and non-primary lines. Therefore, SNET's demand analysis is reasonable and appropriate.

AT&T alleges that SNET improperly reduced its multi-line business EUCL count by the number of ISDN-BRI line counts.<sup>21</sup> AT&T's unsubstantiated statement that ISDN-BRI services are used exclusively by residence and single line business customers is simply untrue. SNET's analysis of ISDN-BRI demand, since the introduction of the service in 1996, indicates demand is from multi-line business customers. In addition, the BRI counts are consistent with SNET's approved 1997 Annual Tariff Filing.<sup>22</sup>

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<sup>17</sup> AT&T alleges that SNET's percentage of non-primary residence lines (6.31%) is below AT&T's estimate of 10% to 20%. This allegation is unsubstantiated and must be rejected.

<sup>18</sup> AT&T fails to submit its claimed analysis based upon "LEC Ex parte submission, Census Bureau data and figures from the Hatfield Model 4.0 national runs." See AT&T at p. 39.

<sup>19</sup> In the Matter of 1997 Annual Access Tariff Filings, CC Docket No. 97-149, FCC 97-403, Memorandum Opinion and Order, released December 1, 1997.

<sup>20</sup> Memorandum Opinion and Order, Table 4A.

<sup>21</sup> AT&T at p. 35.

<sup>22</sup> See SNET November 26, 1997 TRP, Workpaper S.

AT&T claims that the EUCL and PICC counts should always be the same.<sup>23</sup> Acknowledging that these counts could be different, the Commission itself established different input fields on its TRP CAP-1 form. SNET also appropriately included official lines in its PICC counts.<sup>24</sup>

Lastly, SNET agrees with AT&T's claim that SNET has not distributed the Trunking basket USF exogenous cost amount among the bands and sub-bands based on the relative amount of end-users in each.<sup>25</sup> SNET will correct this error and file a new Workpaper A-3 and its SUPP-EXG TRP form with its December 17, 1997 TRP filing.

IV. SNET HAS CORRECTED MINOR COMPUTATIONAL ERRORS IN SUPPORT OF ITS DECEMBER 17, 1997 TARIFF, EFFECTIVE JANUARY 1, 1998.

SNET will correct the following changes to its workpapers to be filed in support of its December 17, 1997 Tariff submission in this matter:

- 1) To reflect adjustments for marketing expenses pursuant to the Access Reform Order, SNET will correct SS7 exogenous costs and Host-Remote costs on corrected Workpapers G and H; and
- 2) To correct its Host-Remote costs to reflect adjustments to marketing expenses according to the Access Reform Order, SNET will file corrected Workpaper H.

All other supporting workpapers impacted by these changes will also be filed on December 17, 1997.

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<sup>23</sup> AT&T at p. 37.

<sup>24</sup> MCI at p. 14.

<sup>25</sup> AT&T at p. 42.

V. CONCLUSION

Neither MCI nor AT&T raise any issue to warrant suspension and investigation of SNET's 1998 access tariff rate proposals to be filed based on its TRP. SNET is correctly calculating the costs associated with removing line port and trunk port costs from local switching in full compliance with the Commission's rules. SNET properly identifies and reallocates components of the transport interconnection charge ("TIC") required by the Commission, and SNET properly estimates its end user common line demand and its Base Factor Portion ("BFP") revenue requirements. In addition, SNET is correcting minor computational errors, enumerated above, in support of its December 17, 1997 tariff filing, effective January 1, 1998. The information and data included in SNET's November 26, 1997 TRP filing, as modified and discussed above, is reasonable and complies with the Commission's order.

Respectfully submitted,

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December 17, 1997

## CERTIFICATE OF SERVICE

I, Melanie Abbott, hereby certify that SNET's Reply Comments to the Petition and Comments on SNET's November 26, 1997 Access Charge Reform TRP have been filed this 17th day of December, 1997, to all parties listed below.

  
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